

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 281

To amend the Internal Revenue Code of 1986 to reinstate the tax on interest received by foreigners on certain portfolio investments.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. JACOBS introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reinstate the tax on interest received by foreigners on certain portfolio investments.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       amend the Internal Revenue Code of 1986 to reinstate the  
4       tax on interest received by foreigners on certain portfolio  
5       investments.

6       *Be it enacted by the Senate and House of Representa-*  
7       *tives of the United States of America in Congress assembled,*  
8       That (a) the following provisions of the Internal Revenue  
9       Code of 1986 are hereby repealed:

1           (1) Section 871(h) (relating to repeal of tax on  
2           interest of nonresident alien individuals received  
3           from certain portfolio debt investments).

4           (2) Section 881(c) (relating to repeal of tax on  
5           interest of foreign corporations received from certain  
6           portfolio debt instruments).

7           (3) Section 1441(c)(9) (relating to exception for  
8           interest income from certain portfolio debt invest-  
9           ments).

10          (b)(1) Paragraph (1) of section 871(a) of such Code  
11          is amended by striking “Except as provided in subsection  
12          (h), there” and inserting “There”.

13          (2) Subsection (a) of section 881 of such Code is  
14          amended by striking “Except as provided in subsection  
15          (c), there” and inserting “There”.

16          (3) Paragraph (2) of section 864(c) of such Code is  
17          amended by striking “section 871(a)(1), section 871(h),  
18          section 881(a), or section 881(c)” and inserting “section  
19          871(a)(1) or 881(a)”.

20          (4) Subsection (b) of section 2105 of such Code is  
21          amended—

22                (A) by inserting “and” at the end of paragraph  
23                (1),

24                (B) by striking “and” at the end of paragraph  
25                (2) and inserting a period,

1 (C) by striking paragraph (3), and

2 (D) by striking “AND CERTAIN OTHER DEBT  
3 OBLIGATIONS” in the subsection heading.

4 (5) The last sentence of section 1442(a) of such Code  
5 is amended by striking “, the references in section  
6 1441(c)(9) to sections 871(h) and 871(h)(3) shall be  
7 treated as referring to sections 881(c) and 881(c)(3)”.

8 (c) The amendments made by this section shall apply  
9 to interest received after the date of the enactment of this  
10 Act with respect to obligations issued after such date.

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